

AMENDED IN ASSEMBLY APRIL 19, 2013

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

ASSEMBLY BILL

No. 750

Introduced by Assembly Member Garcia

February 21, 2013

An act to add Article 3.75 (commencing with Section 37450) to Chapter 5 of Part 2 of Division 3 of Title 4 of the Government Code, relating to local government.

LEGISLATIVE COUNSEL’S DIGEST

AB 750, as amended, Garcia. Economic development: cities.

The California Constitution generally prohibits the making of a gift of any public money, or thing of value.

Existing law authorizes a city to purchase, lease, receive, hold, and enjoy real and personal property, and control and dispose of it for the common benefit, and to lease property owned or held or controlled by it, or any of its departments, as prescribed.

This bill would authorize a city to dispose of real property, as provided, or provide compensation to a private entity, if the legislative body of the city is presented with, or presents, substantial evidence that the disposition of the property or provision of compensation would stimulate job creation and economic development within the boundaries of the city, and that the amount of private benefit provided would not outweigh the amount of public benefit received through the disposition of the property or the provision of compensation. The bill would provide that the disposition of real property or provision of compensation under these circumstances would not constitute a gift of public funds under the California Constitution.

Vote: majority. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

The people of the State of California do enact as follows:

SECTION 1. Article 3.75 (commencing with Section 37450) is added to Chapter 5 of Part 2 of Division 3 of Title 4 of the Government Code, to read:

Article 3.75. Economic Development

37450. (a) Notwithstanding any other law, the disposition of real property by a city shall not constitute a gift of public funds under Section 6 of Article XVI of the California Constitution, and shall constitute an action taken for a public purpose, provided that the legislative body of the city disposing of the real property is presented with, or presents, substantial evidence of both of the following:

(1) (A) That the disposition of the property will stimulate job creation and economic development within the boundaries of the city.

(B) For purposes of this section, “disposition” means the sale, lease, transfer, or exchange of real property, or any combination thereof.

(2) That the amount of private benefit provided will not outweigh the amount of public benefit received through the sale, lease, or disposition.

(b) The disposition of real property pursuant to this section shall be in compliance with the California Constitution and other applicable law relating to the sale, lease, or disposition of real property.

~~37452. (a) Notwithstanding any other law, a city may provide compensation to a private party, that is less than or equal to the share of sales taxes received by the city as a result of the sales tax-generating activities of the private party within the municipal boundaries of the city, less the city’s costs of administration with respect to those sales tax receipts.~~

~~(b) The provision of compensation to a private party pursuant to this section shall not and that compensation shall not constitute a gift of public funds under Section 6 of Article XVI of the~~

1 California Constitution, and shall constitute an action taken for a
2 public purpose, provided that the legislative body of the city is
3 presented with, or presents, substantial evidence of both of the
4 following:

5 ~~(1)~~

6 (a) The compensation provided to a private party under this
7 section will stimulate economic development within the municipal
8 boundaries of the city.

9 ~~(2)~~

10 (b) The private benefit provided will not outweigh the amount
11 of public benefit received through the provision of compensation
12 to a private party pursuant to this section.

13 SEC. 2. If any provision of this act or the application thereof
14 to any person or circumstance is held invalid, the invalidity shall
15 not affect other provisions or applications of this act which can be
16 given effect without the invalid provision or application and to
17 this end, the provisions of this act are severable.

18 SEC. 3. The Legislature finds and declares that responsible
19 use of public funds and encouragement of economic growth are
20 issues of statewide concern and do not constitute a municipal affair
21 as that term is used in Section 5 of Article XI of the California
22 Constitution. Accordingly, it is the intent of the Legislature that
23 Section 1 applies to every city in this state, including charter cities.